

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Reorganisation Act 2014 – Review and analysis of issues relating to revenue and allied matters and recommend comprehensive measures for smooth and streamlined transition–Contracting the Services of a Consultant– Orders Issued

FINANCE (OP-I) DEPARTMENT

G.O. Ms. No. 72

Dated 26-03-2014

Read the Following

1. The Andhra Pradesh Reorganisation Act 2014, No. 6 of 2014
2. Gazette Notification No. S.O.655(E), Dated March 04, 2014 Ministry of Home Affairs, Government of India.
3. Note of the Special Chief Secretary to the Hon'ble Governor of Andhra Pradesh dated 19.3.2014
4. Note of the Principal Secretary to Government, Revenue (CT& Excise) Department dated 15.3.2014
5. G.O.Ms.No.145 Finance & Planning (PSC) Department, dt.16.10.2000.
6. G.O.Ms.No.619 Finance (FR.I) Department, dated. 31.08.2004.
7. Cir.Memo.No.17968-A/396/FR.I/2007, dated 06.09.2007 of Finance (FR.I) Department.

ORDER:

1. In the reference first read above, the Government of India has notified the Andhra Pradesh Reorganisation Act 2014 (Act 6 of 2014). In the reference second cited, the Government of India has notified June 2, 2014 as the Appointed Day, in exercise of the powers conferred by clause (a) of section 2 of the AP Reorganisation Act, 2014. In the references third and fourth cited, Special Chief Secretary to the Hon'ble Governor of Andhra Pradesh and Principal Secretary to Government, Revenue (CT& Excise) Department respectively have highlighted the transitional problems that are likely to be faced by the revenue collecting departments following the reorganisation of the State and have requested for the appointment of a Consultant to review and analyse a range of issues relating to revenue and allied matters and recommend the measures to resolve the transitional problems and to oversee their implementation.

2. After careful consideration of the likely transitional issues that the revenue collecting departments, such as the Commercial Taxes, State Excise, Transport, etc., are likely to face in the short and the medium term and to pre-empt and resolve problems and

issues expeditiously to minimize any disruption of revenue collection in the successor States of Andhra Pradesh and Telangana, the Government has decided to contract the services of an expert with extensive experience and knowledge of the revenue earning departments and expertise in taxation matters from the date of issue of this order to May 31, 2014 in terms of the orders issued in the references fifth to seventh read above. The Consultant will perform the following functions.

Terms of Reference

3. Under the overall supervision of the Chief Secretary to the Government, the Consultant will work in close collaboration with the Special Chief Secretary / Principal Secretaries and the Commissioners of all revenue generating departments and in consultation with the Finance Department. He will hold extensive consultations with all stakeholders, review the existing revenue regime critically, in the light of the Andhra Pradesh Reorganisation Act 2014, with specific reference to the institutions, systems, and operational methodologies that need to be established well ahead of the Appointed Day of June 02, 2014, to facilitate seamless transition of revenue management to the successor states of Telangana and Andhra Pradesh. In addition, the Consultant will recommend appropriate policy and statutory changes that might be required to be implemented by the existing and the future states in order to ensure effective and efficient revenue administration.

4. The Consultant will also support the Government in implementing his recommendations based on stakeholder consultations and review of the statute, systems and procedures. He will also assist the revenue earning departments in designing appropriate structure for both successor States and facilitate their establishment well ahead of the Appointed Day. At the end of the assignment, the Consultant will submit a comprehensive report for the use of Governments of Telangana and Andhra Pradesh. In addition, he will pay close attention to the following:

State Value Added Tax (VAT)

- i. Compliance with the Advance rulings issued under section 67 of the AP VAT Act, 2005, judgments of the Hon'ble High court of Andhra Pradesh, AP Sales Tax Appellate Tribunal and the clarifications provided by the Commissioners, Commercial Taxes from time to time, by the successor Governments.
- ii. Principles for determination of rights and liabilities of the successor States to recover arrears of tax whether covered by Court Orders or not and the define the

methodology for refund of excess payments in terms of the provisions of the AP Reorganisation Act.

- iii. Demarcation of the rights of successor States to recover deferred tax under the tax deferral scheme of industrial incentives.
- iv. Fixing the liability of successor States to refund tax paid by industries under tax incentives with reference to sales in the successor States instead of the refund being sought from the State in which the industrial unit is located.
- v. Offsetting the tax on outputs in the successor States against the input tax credit in relation to the transactions effected in the Composite State.
- vi. Arrangements for refunding excess TDS or excess tax paid in the Composite State.
- vii. Automatic allotment of new TIN/GRN to the existing dealers in the successor States without any application being made. Issues relating to allotment of new VAT/CST registration to dealers doing business in the composite State on production of existing registration by 1-06-2014 to avoid inconvenience to dealers.
- viii. Feasibility and desirability of a single check post between the borders of two successor States to bring down detention time of goods vehicles.
- ix. Shifting of the Sales Tax Appellate Tribunal from Visakhapatnam to any other suitable place in the successor state of Andhra Pradesh to minimize inconvenience to VAT dealers.
- x. Location of the offices of Additional Commissioner (CT) and Joint Commissioner (CT Legal) at a Central place to facilitate filing of appeals against the orders of Appellate Deputy Commissioner (CT).
- xi. Application of all relevant statutes and rules to the successor States without any delay.
- xii. Ways and means of minimizing dealers in the transition period on account of issue of transit passes.
- xiii. Ways and means of ensuring free flow of good from ports in the successor State of Andhra Pradesh to Telangana.

- xiv. Issues relating to pending CST compensation from the Centre and the feasibility of seeking waiver of CST on interstate sales between the two successor States

Tax on Motor Vehicles

- i) Issues relating to payment of lifetime tax in the Composite State and the demands for payment by the successor States and demands for payment of tax at border check posts.

Excise Department

- i. Review the existing excise regime and recommend appropriate policy measures for the future.
- ii. Review the operational effectiveness of the existing Excise Department and facilitate implementation of measures for effective functioning of Excise machinery in the successor States.

Other Taxes

- i) Validation of licenses issued under excise, drugs, etc., in the composite State.

5. The above list is illustrative and not exhaustive. The Consultant may make recommendations on any other matter, which in his opinion merits consideration for minimizing the transitional problems. The Consultant will also make recommendations on any other issue that may be referred to him by the Government from time to time.

6. To perform the above functions, the Government, after due consultations, hereby appoint Sri Ashutosh Mishra IAS (Retd) as a Consultant to the Government of Andhra Pradesh with immediate effect. This contractual service will remain in effect until May 31, 2014. Sri Ashutosh Mishra IAS (Retd) will submit a detailed report containing his recommendations on the issues listed above and other issues that are likely to be referred to him under para 5 above. Sri. Ashutosh Mishra IAS (Retd) will also be responsible for guiding the departments with implementation of his recommendations before May 31, 2014.

7. Sri Ashutosh Mishra IAS (Retd) will be paid a consultancy fee equivalent to the last pay drawn by him minus the current pension being drawn in accordance with the rules in vogue. The Principal Secretary to Government, Revenue (CT) Department, will provide the office space and secretarial assistance to Sri Ashutosh Mishra during the consultancy period. Sri Ashutosh Mishra IAS (Retd) will be provided with a vehicle, telephones at

home and office, a mobile phone, computer, printer, stationary, and other logistic support required for his use as per the rules in vogue.

8. The expenditure on the remuneration of Sri. Mishra shall be debited to the following head of account. Finance (Claims) Department shall credit the amount to the Officer's Bank Account through ECS.

MH: 2052-Secretariat General Services

MH: 090 Secretariat

SH(06): Finance Department

300: Other Contractual Services.

9. Expenses with regard to provision of hired vehicle and secretariat staff and other facilities shall be met by the Revenue Department from the normal Budget. If the above conditions are acceptable, Sri Ashutosh Mishra may please take up the contractual assignment with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR PV RAMESH IAS
PRINCIPAL SECRETARY TO GOVERNMENT

To
Sri Ashutosh Mishra, IAS (Retd)

Copy to:

Chief Secretary to Government

Special Chief Secretary to Hon'ble Governor of Andhra Pradesh

Spl.Chief Secretary to Government, Transport Department

Spl.Chief Secretary to Government, G.A.(SR) Department

Principal Secretary to Government, Revenue (CT) Department.

Principal Secretary to Government, Revenue (R&S) Department

Commissioner, Transport Department

Commissioner, Commercial Taxes Department

Commissioner, Excise Department,

I.G. of Registration & Stamps Department

P.S. to Prl. Finance Secretary/Prl.Finance Secretary (S&T),/ Secretary

(Bud.&IF)/Spl.Secretary (W&P), Finance Dept.

Prl. Accountant General (A&E), A.P., Hyderabad

Finance (Claims) Department.

Finance (SMPC) Department.

SF/SC's

// FORWARDED : : BY ORDER//

SECTION OFFICER